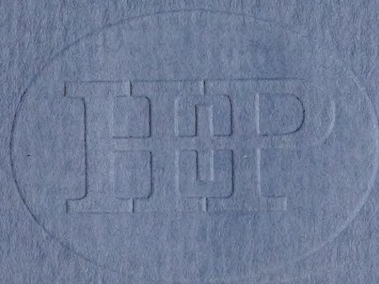


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Annual
Report
1971

HARRIS & PARTNERS LIMITED

Directors

Chairman
W. C. HARRIS

President
W. B. HARRIS

Vice-Presidents

D. L. HOWES

N. K. McKINNON

G. F. McLEAN

J. B. PITBLADO

P. BARING*

D. E. BERNARD†

G. D. CAMPBELL

J. E. H. COLLINS†

D. L. ERWOOD

G. P. HARLEY

J. J. HELBRONNER

D. C. MacKAY

L. E. MAYHEW

J. G. PHILLIMORE*

G. POLISZCZUK

J. A. E. SMART

R. STEVENSON

B. WARDLE

M. H. WILSON

D. K. WILTSHIRE

C. R. YOUNGER

*Baring Brothers & Co. Ltd. London, Eng.

†Morgan Grenfell & Co. Ltd. London, Eng.

Highlights

The accompanying financial statements reflect a change in Harris & Partners Limited fiscal year-end from March 31 to December 31. The Company's continued growth is shown by an increase in Shareholders' Equity to \$7,433,000 at December 31, 1971 from \$6,521,000 at March 31, 1971. Net income, disclosed for the first time this year, amounted to \$1,019,000 for the 9-month period ended December 31, 1971 compared with \$1,306,000 for the 12-month period ended March 31, 1971.

The fiscal period has been marked by strong activity in all sectors of the Company's operations. The amount of funds raised for clients through new corporate issues was 30% higher in the year to December 31, 1971 than in the preceding twelve months. Harris & Partners acted as a managing underwriter for three new clients—BASF Canada Ltd. (the Canadian subsidiary of one of the largest chemical complexes in the world), Commonwealth Holiday Inns of Canada Limited and Southgate Shopping Centre Limited (a joint venture of Woodward Stores Limited and Hudson's Bay Company).

The Company also arranged conventional and N.H.A. insured mortgage financing of approximately \$51 million for nine real estate projects located in the cities of Toronto, Kitchener, Winnipeg, Edmonton

and Prince Albert. The projects financed included office and apartment buildings, townhouses, hotels and a shopping centre.

In its position as a major participant in the Canadian money market the Company was a manager in the introduction of three new borrowers to the commercial paper market: Aluminum Company of Canada Limited, Gambles Canada Acceptance Limited and Southam Press Limited. As a means of assisting short-term lenders in analysing the credit of borrowing companies, Harris & Partners has published and made available salient information in the form of "Borrower Credit Summaries" on many companies active in the short-term market.

Harris & Partners' capacity to provide liquidity to institutional equity investors was reflected in an increased volume of block transactions. The largest of these transactions were 397,032 shares of Moore Corporation Limited with a dollar value of \$13.7 million and 240,750 shares of Gulf Oil Canada Limited with a dollar value of \$6.1 million.

Reflecting the continued expansion in its operations, Harris & Partners' head office has recently moved to larger premises in the newly constructed Commerce Court South. Harris & Partners, Inc. has also moved to new and enlarged quarters at 55 Broad Street, New York.

HARRIS & PARTNERS LIMITED

(and its wholly-owned subsidiaries)

Summary of Consolidated Financial Position

December 31, 1971 (with comparative figures at March 31, 1971)

Assets

	December 31, 1971	March 31, 1971
CURRENT:		
Cash and short-term deposits	\$ 727,625	\$ 420,397
Securities owned* at lower of cost or market value plus accrued interest (market value December 1971—\$226,555,000; March 1971—\$131,262,000)	226,477,915	131,004,099
Receivable for securities sold but not yet delivered		
Customers	19,274,279	26,025,366
Brokers and dealers	2,212,556	4,120,802
Loans (secured)	10,033,972	13,183,777
Other accounts receivable, etc.	429,124	396,635
Total current assets	259,155,471	175,151,076
FIXED, at cost less accumulated depreciation	134,041	85,578
OTHER, at cost:		
Investment in associated companies	260,000	260,000
Sundry investments and other assets	356,286	349,386
	616,286	609,386
	<u>\$259,905,798</u>	<u>\$175,846,040</u>

Liabilities and Shareholders' Equity

CURRENT:		
Call loans and bank overdrafts (secured) plus accrued interest	\$152,224,710	\$128,790,770
Other loans (secured) plus accrued interest	88,748,788	18,808,719
Owing to clients and shareholders (free credit balances)	1,084,247	1,315,931
Owing for securities purchased but not yet received		
Customers	3,687,982	9,880,379
Brokers and dealers	3,729,766	7,223,108
Due to associated company	2,394,237	1,655,500
Accounts payable, accrued charges and income taxes	602,740	1,650,226
Total current liabilities	252,472,470	169,324,633
SHAREHOLDERS' EQUITY:		
Share capital and paid in surplus	3,313,543	2,744,927
Earned surplus	4,119,785	3,776,480
Total shareholders' equity	7,433,328	6,521,407
	<u>\$259,905,798</u>	<u>\$175,846,040</u>

*Securities owned comprise principally Government of Canada short term bonds and treasury bills, bankers' acceptances, chartered bank deposit certificates, and short term commercial paper, of which approximately \$178,800,000 (\$68,600,000 in March 1971) matures within 91 days.

Summary of Consolidated Income and Earned Surplus

For the nine months ended December 31, 1971 (with comparative figures for the year ended March 31, 1971)

	December 31, 1971 (9 months)	March 31, 1971 (12 months)
Gross Revenue from Operations (including interest income December 1971— \$5,281,684; March 1971—\$8,915,473)	\$ 9,567,927 ✓	\$ 14,686,810 ✓
Deduct:		
General and administrative	2,753,646	3,753,146
Interest	4,722,217	8,007,075
Depreciation	37,646	47,943
Income taxes	1,034,994	1,573,021
Net income for period	1,019,424 ✓	1,305,625 ✓
Earned surplus, beginning of period	3,776,480	2,874,843
	4,795,904	4,180,468
Deduct dividends paid in period	676,119	403,988
Earned surplus, end of period	\$ 4,119,785	\$ 3,776,480

Auditors' Report

Harris & Partners Limited:

As auditors of Harris & Partners Limited and its subsidiaries, we made our normal examination of the company's detailed consolidated financial statements as at December 31, 1971 and reported thereon without qualification to the shareholders on February 4, 1972.

In our opinion the above summaries of consolidated financial position and consolidated income and earned surplus fairly summarize the information contained in the detailed consolidated financial statements upon which we have reported.

Toronto, Canada,
February 4, 1972

CLARKSON, GORDON & CO.
Chartered Accountants

HARRIS & PARTNERS LIMITED

UNDERWRITERS AND DEALERS IN GOVERNMENT
AND CORPORATION SECURITIES
MONEY MARKET DEALERS—FINANCIAL ADVISERS
MEMBER: INVESTMENT DEALERS ASSOCIATION OF CANADA

HARRIS & PARTNERS, INC.

UNDERWRITERS AND DEALERS
IN CANADIAN AND U.S. SECURITIES
MEMBER: MIDWEST STOCK EXCHANGE
SECURITIES INDUSTRY ASSOCIATION, INC.
NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

AFFILIATE

HARRIS & PARTNERS SECURITIES LIMITED

BOX 21, COMMERCE COURT SOUTH, TORONTO
MEMBER: THE TORONTO STOCK EXCHANGE
MONTREAL STOCK EXCHANGE

EUROLINK LIMITED

44 KING STREET WEST, TORONTO
INTERNATIONAL MONEY MARKET DEALERS—
A JOINT VENTURE OF HARRIS & PARTNERS
INTERNATIONAL LIMITED AND CHARLES FULTON
AND COMPANY LIMITED, LONDON, ENGLAND

OFFICES

TORONTO HEAD OFFICE
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MONTREAL
1155 DORCHESTER BLVD. WEST, MONTREAL 2, QUEBEC

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NEW YORK, N.Y. 10004
